



## **AIB Annual Results 2011**

**30th March 2012**

### **Allied Irish Banks, p.l.c. today announces Annual Results for the year ending 31st December 2011**

David Duffy, AIB Chief Executive, said: "AIB made significant progress in 2011, ending the year with a Core Tier 1 ratio of almost 18% and a customer deposit base that is growing. We exceeded our deleveraging targets, successfully integrated EBS and the Anglo deposit business and implemented our 'open for business' agenda. We are confident that as a pillar bank we will be able to provide the support required by the Irish economy and our customers over the coming years.

"Our plan is to return to sustainable profitability by 2014. Achieving this will be key to our ambition to provide an opportunity to attract private investment and return value to our principal shareholder."

#### **Highlights**

- Our core strategy is to put customers at the heart of the business
- Open for business, prioritising SME and mortgage customers
- AIB is strongly capitalised
- Good growth in customer deposits in Q1 2012 following stabilised levels in H2 2011
- An aggressive cost reduction plan is in place
- Provisions expected to materially reduce in 2012
- AIB aims to return to sustainable profitability by 2014
- AIB aims to attract private investment and return value to taxpayers

#### **Financial points**

- Operating profit before provisions of €68m, compared to €658 for 2010. The reduction in operating profit is principally due to lower levels of income
- Loss after tax of €2.3 billion (€10.2bn in 2010). The 2011 loss arises after recognising net total provisions of €8.2bn. This outcome includes income from exceptional items of €3bn relating to liability management exercise and loan disposals, and €1.6bn of profits relating to Polish discontinued operations
- Net interest income was €1.4 billion, a decrease of €494 million, or 27%, due to higher Eligible Liabilities Guarantee scheme costs, margin compression and reduced interest earning loan volumes. The net interest margin, excluding ELG costs declined from 1.52% in 2010 to 1.40% in 2011
- The Core Tier 1 ratio was 17.9% for December 2011 compared to 4% at the end of 2010
- The bank reduced its exposure to wholesale funding by €13 billion or 20% in the year
- 62% of 3-year non-core deleveraging target of €20.5bn achieved in 2011. AIB is well positioned to meet non-core deleveraging targets over the next 2 years

- AIB has undertaken a range of business disposals to support capital generation, de-risking of the balance sheet and re-focusing of the bank's strategy on core domestic banking

#### **SME support**

- AIB exceeded the Irish Government's €3 billion SME lending target by €600 million in 2011. The

bank approved 33,500 out of 37,000 applications for credit received from small businesses during the year – an approval rate of more than 90%

- AIB engaged with more SMEs in the last six months and intends to meet its lending targets and introduce a range of initiatives that support the growth of the economy

### **Mortgages**

- Market share of new business sanctions rose from 20% in February 2011 to 35% in December 2011
- Approval rate of applications up from 55% in February 2011 to 75% in December 2011
- AIB is aiming to achieve 50% market share of new mortgages in 2012
- AIB implemented the Code of Conduct on Mortgage Arrears on 1 January 2011 and a new Arrears Support Unit was created. In 2011 202 staff were deployed in the Mortgage Arrears Support Unit, up 70% in the year

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